BC STATS
Province of British Columbia
Ministry of Finance and Corporate Relations

Infoline

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Report **Employment in Tourism Related Industries**

BC at a glance . . .

POPULATION (thousands)	Oct 1/96	% change on year ago
BC	3,888.5	2.5
Canada	30,101.6	1.2
GROSS DOMESTIC PRODUCT		% change
(BC - at market prices - $ millions)	1995	on year ago
Current Dollars	103,273	4.6
Constant (1986) Dollars	74,107	1.9
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jan	2,839	3.8
Merchandise Exports (raw) Jan	2,091	10.5
Retail Sales (seasonally adjusted) Jan	2,815	9.7
CONSUMER PRICE INDEX		% change
(all items - 1986=100)	Feb '97	on year ago
BC	139.4	0.9
Canada	137.3	2.2
LABOUR FORCE (thousands)		% change
(seasonally adjusted)	Feb '97	on year ago
Labour Force - BC	2,000	2.7
Employed - BC	1,828	2.6
Unemployed - BC	173	3.7
		Feb '96
Unemployment Rate - BC *(percent)*	8.6	8.5
Unemployment Rate - Canada *(percent)*	9.7	9.6
INTEREST RATES (percent)	Mar 19/97	Mar 20/96
Prime Business Rate	4.75	7.00
Conventional Mortgages - 1 year	5.05	7.00
- 5 year	7.00	8.50
US/CANADA EXCHANGE RATE	Mar 19/97	Mar 20/96
(avg. noon spot rate) Cdn $	1.3696	1.3597
US $ *(reciprocal of above rate)*	0.7301	0.7355
AVERAGE WEEKLY EARNINGS		% change
(industrial aggregate - dollars)	Dec '96	on year ago
BC	609.66	2.6
Canada	592.83	2.7

SOURCES:
Gross Domestic Product: Statistics Canada, revised by BC STATS
Population, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Review

On the Web

The original version of *Employment in Tourism Related Industries* in this week's Infoline is up on our Website. It is part of a growing body of papers and data that form the tourism section of our site. Next time you need something, look first on our website. After next week, if you are outside of the provincial government you will pay, at the very least, our minimum charge of $10 (plus GST) to have just about anything sent to you by fax or mail.

Released this week by BC STATS

- Consumer Price Index, February 1997
- Small Business Quarterly, Third Quarter, 1996

Next week

- Earnings and Employment Trends, December 1996
- Business Indicators, March 1997
- Current Statistics, March 1997

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Infoline Report:

March 21, 1997

Employment in Tourism-Related Industries 1984-1996

Reprinted from the paper of the same title published by BC STATS. Available on the Internet at http://www.bcstats.gov.bc.ca choose Business/Economics from the home page.

What is tourism-related employment?

A tourism-related employment figure has been widely used to discuss the size of the tourism sector in British Columbia. This paper provides the most current estimate of tourism-related employment, takes a look at tourism-related employment in some detail, and finally presents a history of the estimate.

The tourism-related employment estimate presented here is the *total* number of persons employed in eight tourism-related industries. The methodology used to calculate the number was first developed in 1992[1].

... and what is it not?

It must be emphasised that this estimate DOES NOT measure how many persons are employed as a result of tourism in the province. Instead measures it how many workers there are in industries that are heavily dependent on tourism activity.

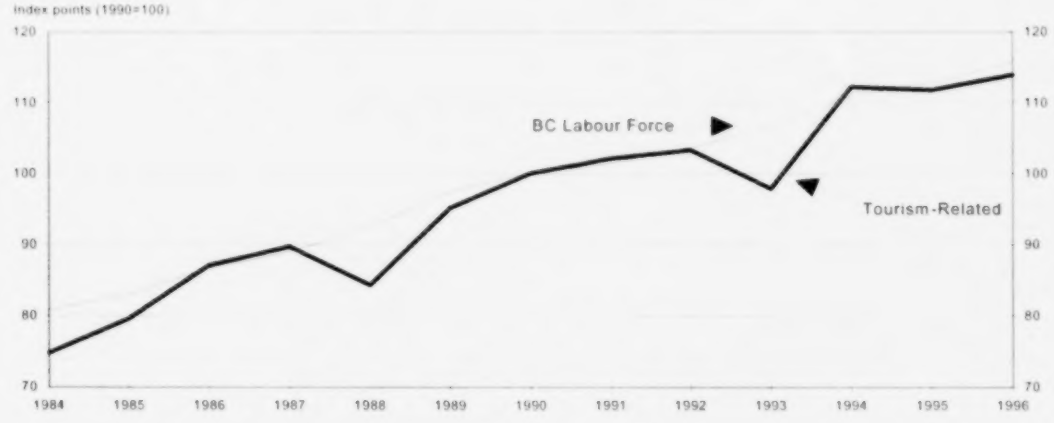
Employment in tourism-related industries rose 1.9% in 1996

In 1996, employment in the tourism-related industries stood at 223,700. This was 12.4% of the 1.8 million people in the British Columbia workforce. Tourism-related employment increased 1.9% from 219,600 workers in 1995. The provincial workforce grew 2.5% between 1995 and 1996. This meant that the tourism-related industries suffered a slight drop in their share of the workforce.

Table 1 (following page) shows the changes in the number of people in the provincial workforce and tourism-related industries since 1984.

Chart 1

Since 1990, growth in tourism-related employment has been at the same rate as the entire provincial labour force



[1] Dr. Marilyn Mohan and Gordon Gislason. "Employment in The Tourism Industry In British Columbia", Appendix 1 of *Tourism -- The Professional Challenge*. Pacific Rim Institute of Tourism, Vancouver, 1992.

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Table 1

The BC workforce and tourism-related employment, 1984-1995

('000s of persons)

	BC Workforce		Tourism-Related		
Year	employment	growth	employment	growth	% of BC work-force
1984	1,262.7		146.9		11.6%
1985	1,296.9	2.7%	156.4	6.5%	12.1%
1986	1,353.8	4.4%	171.1	9.4%	12.6%
1987	1,390.5	2.7%	176.2	3.0%	12.7%
1988	1,444.3	3.9%	165.7	-6.0%	11.5%
1989	1,523.7	5.5%	186.9	12.8%	12.3%
1990	1,561.5	2.5%	196.5	5.1%	12.6%
1991	1,585.2	1.5%	200.6	2.1%	12.7%
1992	1,619.3	2.2%	203.0	1.2%	12.5%
1993	1,665.9	2.9%	192.3	-5.3%	11.5%
1994	1,732.9	4.0%	220.4	14.6%	12.7%
1995	1,761.7	1.7%	219.6	-0.4%	12.5%
1996	1,805.8	2.5%	223.7	1.9%	12.4%
Average	**1,538.8**		**189.2**		**12.3%**

Source: Statistics Canada (Labour Force Survey), BC STATS

The number of workers in tourism-related industries has grown from just under 150,000 in 1984 to nearly 224,000 in 1996. While this growth may seem impressive, it mirrors growth in the provincial workforce as a whole. Through the 12 years shown, the portion of the workforce employed in tourism-related industries has remained within about one percentage point of the average over that period (12.3%). Since 1990, the provincial workforce has expanded annually by 2.5%; the tourism-related industries have seen average annual growth of 2.2%. Chart 1, using 1990 as the base year, shows the relative changes in the provincial workforce and the tourism-related portion.

Food and beverage workers dominate tourism-related employment

Workers in the food and beverage industries make up nearly half of all tourism-related employment. This is significant, as most demand for these services is locally induced and is not attributable to tourist spending (estimates of tourism's contribution to the food and beverage service industries vary between 15 and 25 per cent[2]).

[2] Stephen L.J. Smith ("Defining tourism: a supply-side view", *Annals of Tourism Research*, Vol.15 (1988), pp.179-190) estimated 15%, the National Task Force on Tourism Data (Department of Supply and Services, March 1989) estimated a 17% proportion, while the BC STATS estimate of tourism GDP (developed jointly with Tourism BC) results in a share of 25%.

Two sectors which are heavily dependent on tourism activity, transportation and accommodation, make up a third of the total. The largest three industries included in the tourism-related industry definition accounted for 179,700 employees in 1996, just over 80% of tourism-related employment.

While the food and beverage service industries have employed the largest part of tourism-related workers since 1984, the relative proportion has increased from 44%. The proportion of tourism-related workers in transportation services and accommodation services has declined, while increasing in the other four industrial groups.

How many people are employed in other industries?

As noted earlier, the tourism-related industries employed 12.4% of the British Columbia workforce in 1996. That year, 1.8 million people worked in the province in a wide range of industries.

Three out of four workers in the province were employed in service industries in 1996. Of the total workforce of 1.8 million, 1.4 million workers were employed in service industries, including tourism-related industries. The wholesale and retail trade industries employed 317,000 BC workers. A total of 101,000 workers had jobs in forestry and related manufacturing

Chart 2

Food & beverage employed nearly 1/2 of all workers in tourism-related industries

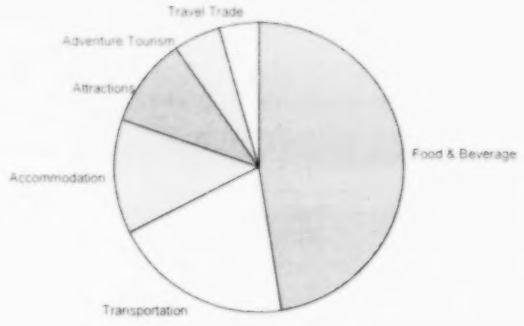

Table 2

Employment in tourism-related industries, 1984 and 1996

('000s of persons)

Industry	1984		1996	
	Employment	% of total	Employment	% of total
Food & Beverage Services	63.6	43.5%	106.5	47.6%
Transportation	39.8	27.0%	44.5	19.9%
Accommodation	24.2	16.5%	28.7	12.8%
Attractions	11.0	7.5%	22.4	10.0%
Adventure Tourism	5.8	3.9%	11.7	5.2%
Travel Trade	2.5	1.7%	9.9	4.4%
Total	146.9		223.7	

Source: Statistics Canada (Labour Force Survey), BC STATS

activities, drawn from the primary industry of forestry (28,000 workers), and two manufacturing industries, wood products (49,000) and paper and allied (24,000). The remaining primary industries (agriculture, fishing, and mining) together employed 56,000 people in 1996. Table 3 shows provincial employment for each of the major industrial aggregations.

The BC workforce increased 2.5% in 1996, but growth was not evenly distributed between the various industrial groups. The manufacturing sector led employment growth in 1996, rising 7.8% through an increase of 15,000 workers. The service sector, the largest component of the provincial workforce, added 21,000 workers, growth of 3.0%. The number of people employed in the transportation, communication, and other utilities industries fell 1.4% in spite of an increase of 4,000 workers in the transportation industries.

Table 3

British Columbia employment by industry, 1996 ('000s of persons)

Industry	Employment	% of total
Primary Industries	84	4.7%
Manufacturing	207	11.5%
Construction	127	7.0%
Transportation, Communication & Other Utilities	138	7.6%
Wholesale and Retail Trade	317	17.6%
Finance, Insurance & Real Estate	113	6.3%
Other Service Industries	715	39.6%
Public Administration	106	5.9%
Total	**1,806**	

Source: Statistics Canada (Labour Force Survey), BC STATS

How is tourism-related employment calculated?

The history of the tourism-related employment estimate is vital in understanding what the estimate represents, its shortcomings and its limitations.

In 1991, Tourism BC commissioned a study of the tourism sector workforce, prepared by Dr. Marilyn Mohan and Gordon Gislason. The intent of the study was to assess the characteristics of the tourism workforce, and estimate its present and future size. The results of the study appeared in *Tourism - The Professional Challenge: A Framework For Action* (1992)[3], a document that outlined the future requirements of the tourism workforce. The report had a particular focus on the training and educational requirements of the tourism workforce.

One of the key elements guiding the study was that the estimate of tourism-related employment was to include the *total* number of persons employed in the eight tourism-related industries. The reasoning behind this is that when developing training programs for tourism workers, many of the workers in (for instance) the food and beverage service industry have to be trained to deal with tourists, not just a proportion equivalent to tourism's affect on the industry. These employees will come into contact with tourists as well as local residents. Hence, the tourism-related estimate does *not* measure how many persons are employed as a result of tourism in the province. Instead it indicates how many people work in industries that provide services to tourists.

1. Defining tourism-related industries

Tourism is not a recognised industry in the Standard Industrial Classification (SIC). As tourists purchase a variety of disparate goods, most if

[3] Barbara J. Mitchell. *Tourism -- The Professional Challenge*. Pacific Rim Institute of Tourism, Vancouver, 1992. The detailed Mohan and Gislason study of the tourism labour force, "Employment In The Tourism Industry In British Columbia", was published by Pacific Rim Institute of Tourism as Appendix 1 of *Tourism -- The Professional Challenge*.

not all of which are also purchased by local residents (i.e. non-tourists). Furthermore, the purchases of one tourist may differ markedly from those of another; what defines a tourist is travel to a destination some distance from home, not their purchases or behaviour at the destination.

It is known what goods and services tourists, in aggregate, purchase. This knowledge comes from surveys of travellers, where their behaviour and spending patterns are probed. This information allows for the definition of which industries are, in part, dependent on tourism. It is upon these dependencies that the provincial tourism GDP estimate are based.

The tourism-related employment estimate is based on employment in eight sectors, sub-divided by SIC three-digit codes. These are shown below in Table 4. These industries were those that were determined by the authors of the original report to be largely dependent on tourism activity.[4]

Table 4
Defining tourism-related industries

	SECTORS	SIC Code
I	**Accommodation**	
	Hotels, motels, trailer courts	911
	Lodging houses, residential clubs	912
	Campgrounds, travel trailer parks	913
II	**Food and Beverage**	
	Restaurants, take-outs, caterers	921
	Taverns, bars, nightclubs	922
III	**Adventure Tourism and Recreation**	
	Recreation camps (guide outfitters, salt and fresh water fishing, guest ranches)	914
	Sports and recreation (golfing, skiing, boat rentals and marinas, curling clubs, other sports)	965
IV	**Transportation**	
	Air transport and services	451
	Railway transport and related services	453
	Ferries	454
	Public passenger transport (urban, interurban, school bus, charter bus, etc.)	457
	Other transport (taxicabs, etc.)	458
	Auto and truck rental/leasing	992
V	**Travel Trade**	
	Travel agencies, wholesale tour operators	996
VI	**Attractions**	
	Motion picture theatres	962
	Theatrical and other stage entertainment	963
	Commercial spectator sports (horse racetracks, professional sports clubs, etc.)	964
	Gambling operations	966
	Other amusement and recreation (amusement parks, zoos and gardens, bowling alleys, etc.)	969
VII	**Events and Conferences**	n/a
VIII	**Tourism Services**	n/a

It should be noted that the retail trade industries are not included in this definition of "tourism-related" industries. It is presumed that retail trade was omitted because it relies on tourism for a small fraction of its revenue; it is not dominated by tourism activity to the same degree as those industries that are included in the definition. But given the magnitude of the retail trade industry, this method results in a significant under-estimation of employment that results from tourism activity. The survey of visitors to BC conducted in 1989, *Visitor '89*[5], reported that nearly 30% of the expenditures of visitors to the

[4] The original methodology included estimates for Events and Conferences, and Tourism Services. Neither of these are SIC industries, and are not included in the LFS. Mohan and Gislason estimated 1990 employment in these two "industries" at 1,800 and 500 respectively. For the purposes of the current paper, employment in these "industries" are *not* included.

[5] Tourism Research Group; B.C. Research; and Campbell, Goodell and Associates. *Visitor '89: A Travel Survey of Visitors to British Columbia*. Prepared for Industry, Science and Technology Canada; Ministry of Tourism, Province of British Columbia; Ministry of Regional and Economic Development, Province of British Columbia. August 1990.

province was on "shopping/souvenirs". Of $3,018 million (1986 constant dollars) in provincial GDP attributed to tourism in 1995, 21% was in the wholesale and retail trade industries[6].

By the same token, it must be remembered that this methodology counts all the workers in the industries (rather than the proportion of an industry's employment which results from tourism), thus over-estimating "tourism employment". This is particularly significant for the transportation services and restaurant and food services industries, which are both large and heavily dependent on revenue from non-tourist sources.

2. Data source

The tourism-related employment estimate is derived from unpublished data from Statistics Canada's Labour Force Survey (LFS). The LFS samples households on a monthly basis, and is intended to measure the size of the labour force and the number of persons working in any given month. It is from the LFS that the unemployment rate is calculated.

The tourism-related employment figure is based on the annual average of the monthly Labour Force Survey figures for the industries listed in Table 4.

3. Revisions

When it first appeared in 1992, the Mohan and Gislason report indicated that in 1990 tourism-related employment in British Columbia stood at 181,600.

The Labour Force Survey was revised in 1995, leading to changes in the historical series. Readers are therefore cautioned that earlier estimates of tourism-related employment differ from the historical data presented here. For instance, total tourism-related employment in 1990 is now estimated at 196,500.

Table 5 shows that the revisions were not evenly distributed between the industrial groups. In particular, transportation gained a disproportionately large number of employees.

The "events and conferences" and "tourism services" employment in the original estimate do not appear in the Labour Force Survey, as they are not defined in the Standard Industrial Classification. The 1990 figures originally published were estimated by the authors of the report. They have been omitted from the current estimate.

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Table 5

The effect of revisions on tourism-related employment estimates, 1990

('000s of persons)

Industry	1990 (original estimate)	1990 (revised estimate)	difference
Food & Beverage Services	78.4	83.5	+5.1
Transportation	43.1	49.6	+6.5
Accommodation	30.1	33.2	+3.1
Attractions	14.0	15.9	+1.9
Adventure Tourism	9.2	9.9	+0.7
Travel Trade	4.5	4.7	+0.2
Events and Conferences	1.8	n/a	-1.8
Tourism Services	0.5	n/a	-0.5
Total	181.6	196.5	+14.9

Source: Statistics Canada (Labour Force Survey), Mohan and Gislason, BC STATS

[6] *British Columbia Economic Accounts 1986-1995*. BC STATS, Ministry of Finance and Corporate Relations, Province of British Columbia. February 1997.

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highlights

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a weekly digest of recently released British Columbia statistics

Prices

- **British Columbia's consumer price index (CPI) rose 0.9% during the twelve-month period ending in February.** The province has had the lowest inflation rate in the country since last July. Canada's CPI increased 2.2% in February, and year-over-year inflation rates in other provinces ranged from 1.6% in Prince Edward Island to 3.2% in Manitoba.

  Since February 1996, shelter costs in the province have decreased 1.3%, primarily due to a 3.8% decline in the cost of owned accommodation. This decline has been an important factor in the low growth in the province's CPI. Residents of BC have also benefitted from below-average increases in the cost of household furnishings and operations (0.2%, compared to 1.6% nationally), and transportation (1.6%, compared to 5.3% for all of Canada). A decrease in insurance premiums was a major factor in the moderate growth in transportation costs in BC. *Source: Statistics Canada*

- **Yellowknife (0.4%) had the lowest year-over-year inflation rate of any major Canadian city, followed by Vancouver (0.6%) and Victoria (1.1%).** Charlottetown (1.4%) and Montreal and Quebec (both at 1.8%) were the only other large cities in Canada where the inflation rate in February was below two percent. Winnipeg and Calgary (both at 3.1%) had the highest inflation rates in the country. *Source: Statistics Canada*

Business and Economics

- **The value of shipments of goods manufactured in British Columbia increased 3.6% (seasonally adjusted) between December and January).** Durable goods shipments were up 6.1%, led by a 61.0% increase in the value of primary metal shipments. Wood shipments, which account for about a third of all shipments, rose 3.7% in January. Non-durable goods shipments grew more moderately, increasing 0.6% in January. Paper shipments were only marginally higher (+0.3%) than in the previous month, while food (-0.6%) and beverage (-6.3%) shipments dropped below the December level.

  BC's 3.6% growth was above the national average (2.2%), and the fourth-highest in the country, after Saskatchewan (5.1%), Manitoba (5.0%) and Alberta (4.3%). Shipments were down in Newfoundland (-10.1%) and Quebec (-1.4%). *Source: Statistics Canada*

- **Exports of British Columbia products increased 10.5% between January 1996 and the same month of this year.** This was the first significant year-over-year increase in exports since last July, when exports were up 7.6%. The strength in exports in January was widespread among commodity groups. Forest product exports were up 6.0% over January 1996, and there was double-digit growth in exports of consumer goods (+16.6%), agriculture and fish products (+24.9%), and machinery and equipment (+30.6%). However, automotive product exports increased only marginally (+0.5%), and exports of energy products were down 15.3% from January 1996. *Source: Statistics Canada*

- **Among provinces, the strongest growth was in Alberta, where exports increased 29.4% between January 1996 and the same month this year.** Exports from Newfoundland were also up sharply (+25.2%). British Columbia's 10.5% increase was the fourth highest in the country (after Saskatchewan, at 12.7%). Exports declined in Manitoba (-2.9%), Nova Scotia (-1.9%), New Brunswick (-1.7%) and Prince Edward Island (-1.0%). Canadian exports were up 7.9% in January, as automotive (+14.5%) and energy product (+28.4%) exports surged ahead. Canadian forest product exports were down 7.5% from the previous January. *Source: Statistics Canada*

- **Retail sales in British Columbia increased 9.6% (seasonally adjusted) between December**

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Did you know...?
Only 15% of innovations in large firms are world first–the rest are imitations

and January, as consumer spending in the province recovered from a slump (-5.4%) in December caused by severe weather conditions. The growth in BC's retail sales was responsible for most of the 1.4% increase in sales at the national level. Removing BC from the total, retail sales in the rest of Canada increased only 0.1% in January. Manitoba (+4.1%) and Alberta (+3.2%) also recorded strong increases in retail sales in January. Sales also rose in Quebec (+1.1%) and Newfoundland (+0.3%), but declined in all other provinces. *Source: Statistics Canada*

- **Wholesale sales in the province rose 5.7% (seasonally adjusted) between December and January.** The increase was well above the national average (+1.4%), and the highest of any province. New Brunswick (+5.3%) and Newfoundland (+3.0%) also recorded relatively strong gains in wholesale sales, with more moderate increases occurring in the rest of the country. Saskatchewan (-2.4%), Manitoba (-2.0%) and PEI (-2.1%) were the only provinces where the value of wholesale sales declined between December and January.
Source: Statistics Canada

Transportation

- **BC Transit carried 12.7 million passengers in January, an increase of 0.9% over the number using the public transportation system in January 1996.** Passenger revenues were up 4.5% during the same period. Last year, 150 million passengers travelled by bus and LRT in Vancouver, Victoria, and other centres in the province. *Source: BC Transit*

Work Arrangements

- **In 1995, one in four (24%) Canadian workers were employed in a job with a flextime arrangement–an arrangement that allows workers flexibility in their start and end times.** This compares to 16% of the workforce in 1991. Twelve percent of Canadian workers described their jobs as non-permanent. About 8% of part-time employees in 1995 shared their job with another worker. Almost 84% of job-sharers were female. *Source: Statistics Canada*

Innovation and Intellectual Property

- **Less than 25% of firms in the Canadian manufacturing sector use patents, trademarks, copyrights, or other statutory forms of intellectual property protection.** Of the various forms of protection, firms are most likely to use trademarks (11%), trade secrets (8%) and patents (7%). Firms that use legal protection tend to be large–the firms that use protection account for about 50% of employment, and 62% of firms with more than 500 employees protect themselves with at least one of the statutory rights. In addition, firms that have recently produced a product or process innovation are seven times more likely than non-innovative firms to use patents. They also use other forms of statutory protection.
Source: Statistics Canada

Crime

- **BC's crime rate (including offences against federal and provincial statutes and municipal bylaws) decreased slightly in 1995, falling from 170.33 to 167.67 crimes per 1,000 population.** This was the lowest rate recorded since 1990, when the crime rate was 166.30.

  The crime rate for criminal code offences declined from 140.51 in 1994 to 138.84 in 1995. Crime rates were down in all categories except property crimes, where the rate increased from 83.74 to 85.93. The crime rate for drug-related offences fell from 4.47 to 4.42. There were 14.16 crimes against the person (such as murder, assault or abduction) for every 1,000 people in 1995, compared to 14.64 in the previous year.
Source: Ministry of Attorney General

- **The number of motor vehicle thefts reported to the police in British Columbia more than doubled during the ten-year period from 1986 to 1995.** There were 29,528 motor vehicle thefts in BC in 1995, compared to 12,057 in 1986. Most of the increase has occurred since 1989, when 15,691 vehicle thefts were reported in the province. The motor vehicle theft rate (number of thefts per 1,000 population) increased from 3.99 in 1986 to 7.84 in 1995.
Source: Ministry of Attorney General

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